

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

10

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 3/12/2004 1:35:56 PM

		1
1.	FOR THE QUARTER ENDING:	January 31, 2004
2.	Name:	Dental Health Services
3.	File Number:(Enter last three digits) 933-0	059
4.	Date Incorporated or Organized:	June 1, 1982
5.	Date Licensed as a HCSP:	n/a
6.	Date Federally Qualified as a HCSP:	n/a
7.	Date Commenced Operation:	June 1, 1982
8.	Mailing Address:	3833 Atlantic Avenue, Long Beach, CA 90807
9.	Address of Main Administrative Office:	3833 Atlantic Avenue, Long Beach, CA 90807
10.	Telephone Number:	(562) 595-6000
11.	HCSP's ID Number:	
12.	Principal Location of Books and Records:	3833 Atlantic Avenue, Long Beach, CA 90807
13.	Plan Contact Person and Phone Number:	Godfrey Pernell, DDS, (562) 595-6000
14.	Financial Reporting Contact Person and Phone Number:	Mehdi Moussavi, (562) 595-6000
15.	President:*	Godfrey Pernell, DDS
16.	Secretary:*	Gary Pernell
17.	Chief Financial Officer:*	Mehdi Moussavi
18.	Other Officers:*	Robert Tillery - Vice President of Health Services
19.		
20.		
21.		
22.	Directors:*	Godfrey Pernell, DDS
23.		Gary Pernell
24.		Wayne Pernell
25.		
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	Godfrey Pernell, DDS (signature required (please type for valid signature))
33.	Secretary	signature required (please type for valid signature)
34.	Chief Financial Officer	Mehdi Moussavi (signature required (please type for valid signature))
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36.	If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/>	

Check My Work.

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

10

QUARTERLY FINANCIAL REPORTING FORM
SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	Yes <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	Yes <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	920,665
2. Short-Term Investments	1,161,363
3. Premiums Receivable - Net	270,219
4. Interest Receivable	8,131
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	
7. Prepaid Expenses	47,277
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	120,000
10. Aggregate Write-Ins for Current Assets	93,800
11. TOTAL CURRENT ASSETS (Items 1 to 10)	2,621,455
OTHER ASSETS:	
12. Restricted Assets	450,000
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	733,149
17. Aggregate Write-Ins for Other Assets	8,989
18. TOTAL OTHER ASSETS (Items 12 to 17)	1,192,138
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	29,637
20. Furniture and Equipment - Net	44,030
21. Computer Equipment - Net	14,058
22. Leasehold Improvements -Net	
23. Construction in Progress	
24. Software Development Costs	91,544
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	179,269
27. TOTAL ASSETS	3,992,862
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Deferred taxes	93,800
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	93,800
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Other assets	8,989
1702.	
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	8,989
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	573,265	XXX	573,265
2. Capitation Payable	53,150	XXX	53,150
3. Claims Payable (Reported)	16,000		16,000
4. Incurred But Not Reported Claims	148,000		148,000
5. POS Claims Payable (Reported)		308,000	308,000
6. POS Incurred But Not Reported Claims		294,000	294,000
7. Other Medical Liability			0
8. Unearned Premiums	221,408	XXX	221,408
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current		XXX	0
11. Aggregate Write-Ins for Current Liabilities	246,963	0	246,963
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	1,258,786	602,000	1,860,786
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	488,700	XXX	488,700
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	488,700	XXX	488,700
19. TOTAL LIABILITIES	1,747,486	602,000	2,349,486
NET WORTH			
20. Common Stock	XXX	XXX	300
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	668,421
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	689,462
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	285,193
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	1,643,376
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	3,992,862
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Retirement plan payable	246,963		246,963
1102.			0
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	246,963	0	246,963
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Deferred tax liabilities	488,700	XXX	488,700
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	488,700	XXX	488,700
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501. Unrealized (Gain)/Loss	XXX	XXX	285,193
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	285,193

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	2,611,540	7,777,873
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare		
5. Title XIX - Medicaid		
6. Fee-For-Service		
7. Point-Of-Service (POS)	872,613	2,596,772
8. Interest	18,084	67,111
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	275	7,930
11. TOTAL REVENUE (Items 1 to 10)	3,502,512	10,449,686
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	1,354,950	4,034,325
16. Primary Professional Services - Non-Capitated		
17. Other Medical Professional Services - Capitated		
18. Other Medical Professional Services - Non-Capitated	845,901	2,397,849
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS		
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	385,129	1,341,868
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	2,585,980	7,774,042
Administration		
25. Compensation	339,461	1,017,173
26. Interest Expense		
27. Occupancy, Depreciation and Amortization	95,336	298,311
28. Management Fees		
29. Marketing	278,473	786,547
30. Affiliate Administration Services		
31. Aggregate Write-Ins for Other Administration	160,364	528,777
32. TOTAL ADMINISTRATION (Items 25 to 31)	873,634	2,630,808
33. TOTAL EXPENSES	3,459,614	10,404,850
34. INCOME (LOSS)	42,898	44,836
35. Extraordinary Item		
36. Provision for Taxes		
37. NET INCOME (LOSS)	42,898	44,836
NET WORTH:		
38. Net Worth Beginning of Period	1,539,496	1,475,934
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	42,898	44,836
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	60,982	122,606
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	1,643,376	1,643,376

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Other income	275	7,930
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	275	7,930
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301. Other medical expenses	385,129	1,341,868
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	385,129	1,341,868
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Other expenses	160,364	528,777
3102.		
3103.		
3104.		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	160,364	528,777
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701. Unrealized Gain/(Loss) market securities	60,982	122,606
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	60,982	122,606
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	3,403,526	10,371,790
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums		
4. Title XIX - Medicaid Premiums		
5. Investment and Other Revenues	-132,441	302,485
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-2,433,614	-7,722,387
8. Administration Expenses	-875,631	-2,546,805
9. Federal Income Taxes Paid		
10. Interest Paid		
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	-38,160	405,083
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets		
16. Payments for Investments	1,290	-342,674
17. Payments for Property, Plant and Equipment	-6,806	-22,661
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-5,516	-365,335
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-43,676	39,748
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	964,341	880,917
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	920,665	920,665
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	42,898	44,836
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	16,625	47,128
32. Decrease (Increase) in Receivables	7,700	51,628
33. Decrease (Increase) in Prepaid Expenses	34,478	4,113
34. Decrease (Increase) in Affiliate Receivables	-150,000	225,097
35. Increase (Decrease) in Accounts Payable	-7,629	-140,277
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	164,000	189,000
37. Increase (Decrease) in Unearned Premium	-88,327	-54,483
38. Aggregate Write-Ins for Adjustments to Net Income	-57,906	38,041
39. TOTAL ADJUSTMENTS (Items 31 through 38)	-81,059	360,247
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	-38,161	405,083
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Other recievable	-800	2,347
3802. Accrued wages	-30,621	-29,664
3803. Retirement plan payable	-26,485	64,665
3898. Summary of remaining write-ins for Item 38 from overflow page		693
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-57,906	38,041

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	70,853	6,359	6,847	70,365	212,142			0		0	
2. Medicare Risk				0				0			
3. Medi-Cal Risk				0				0			
4. Individual	3,128	56	70	3,114	9,279			0		0	
5. Point of Service	10,797	0	478	10,319	31,573			0		0	
6. Aggregate write-ins for Other	0	0	0	0	0	0	0	0	0		
7. Total Membership	84,778	6,415	7,395	83,798	252,994	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families				0				0			
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	0	0	0	0	0	0	0	0	0		

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Wells Fargo	4945074268	-49,666
2. Wells Fargo	4945074284	-244,529
3. Wells Fargo	4945074250	1,214,460
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		920,265
10. Cash on Hand (Petty Cash)		400
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		920,665

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Union Bank of California	06394-00	400,000
13. Union Bank of California	06394-01	50,000
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		450,000

* Indicate the Balance Per the HMO's Records

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	United Transportation Union	144,001				144,001
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
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35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed	82,801	14,759	1,240	37,460	136,260
55.	Total	226,802	14,759	1,240	37,460	280,261

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Dental Health Services of America	-	120,000	74,255	658,894	853,149
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
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13.						0
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35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	120,000	74,255	658,894	853,149

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. Dental Health Services - Washington	7,052					7,052
2. First Dental Health	5,700					5,700
3. Health Program Marketing, Inc.					9,032	9,032
4. State Compensation Insurance Fund	5,413					5,413
5. Vision Plan of America	10,968					10,968
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due	31,323					31,323
24. Total	60,456	0	0	0	9,032	69,488

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE G - UNPAID CLAIMS ANALYSIS

SECTION I - CLAIMS UNPAID

Type of Claim	1 Reported Claims in Process of Adjustment	2 Estimated Incurred but Unreported	3 Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims			0
3. Referral Claims			0
4. Other Medical	324,000	442,000	766,000
5. TOTAL	324,000	442,000	766,000

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. NONE						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
1.						
2.	NONE					0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. NONE		XXX	0	
2. Previous Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
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OVERFLOW PAGE FOR WRITE-INS	
1.	Page 10 line 3898 other assets \$693.00
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STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.	LAG STUDY				
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Dental Health Services of America	Affiliate	Loan	853,149	
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	NONE				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	NONE				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$	1,643,376
17.	Add: Subordinated Debt			\$	
18.	Less: Receivables from officers, directors, and affiliates			\$	853,149
19.	Intangibles			\$	
20.	Tangible Net Equity (TNE)			\$	790,227
21.	Required Tangible Net Equity (See Page 22)			\$	449,414
22.	TNE Excess (Deficiency)			\$	340,813
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$	3,484,152
24.	Administrative Costs			\$	873,634
25.	Percentage				25
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report <u>which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:</u>			\$	1,147,173
27.	Total costs for health care services for the immediately preceding six months:			\$	5,276,656
28.	Percentage				22

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	308,000
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	946
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	55,142
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	294,000
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	920,665
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	658,088
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	789,706
37. Deposit required (100% of Line 36)	\$	789,706
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	130,959
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	872,613
40. Total premium revenue earned	\$	3,484,152
41. Percentage		25
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	575,213
43. Total health care expenditures	\$	2,585,980
44. Percentage		22
45. Point-of-Service Enrollment at end of period		10,319
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	209,440
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	199,920
55. Total	\$	409,360
56. Total times 120%	\$	491,232
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	491,232

STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

Full Service Plans		Specialized Plans	
	1		2
A. Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement	\$ 50,000
B. REVENUES:			
1. 2% of the first \$150 million of annualized premium revenues	\$	2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
Plus		Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$	1% of annualized premium revenue in excess of \$7.5 million	\$ 63,329
3. Total	\$ 0	Total	\$ 213,329
C. HEALTHCARE EXPENDITURES:			
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 449,414
Plus		Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
Plus		Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 0	Total	\$ 449,414
8. Required "TNE" - Greater of "A" "B" or "C"	\$	Required "TNE" - Greater of "A" "B" or "C"	\$ 449,414

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 1,643,376
2. Add: Subordinated Debt	\$
3. Less: Receivables from officers, directors, and affiliates	\$ 853,149
4. Intangibles	\$
5. Tangible Net Equity (TNE)	\$ 790,227
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$ 462,846
7. TNE Excess (Deficiency)	\$ 327,381
 ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):	
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10. Add lines 8 and 9	\$ 0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):	
<u>PART A</u>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$ 143,133
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$ 319,713
13. Add lines 11 and 12	\$ 462,846
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING	
14. Line 5 (above)	\$ 790,227
15. Multiply Line 6 (above) by 130%	\$ 601,700
16. Difference (Line 14 - Line 15)	\$ 188,527
If Line 14 is less than Line 15, then monthly reporting is required	

STATEMENT AS OF 1-31-2004 OF 933-0059 Dental Health Services

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text" value="7,774,044"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text" value="4,034,325"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text" value="2,397,849"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="1,341,870"/>
5. Annualized	<input type="text"/>	<input type="text" value="1,789,159"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text" value="1,789,159"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="143,133"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text" value="1,789,159"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="143,133"/>

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